



**MINUTES FOR THE REGULAR MEETING
OF THE POWER BOARD
OF THE CITY OF SPRINGVILLE, UTAH
DISTRIBUTION CENTER
MARCH 12, 2014 – 6:30 A.M.**

MEMBERS PRESENT: Councilman Craig Conover, Chairman David Nielsen, Clair Anderson, Leon Lee, Jason Miller, Rod Andrew

MEMBERS ABSENT: Tom Hawks, Darrin Wolz, Travis Ball

DEPARTMENT STAFF: Leon Fredrickson, Matt Hancock, Brandon Graham

Minutes were transcribed from recording by Kami Craudell, Power Board Secretary.

CALL TO ORDER

The meeting was called to order at 6:30 a.m. by Chairman Nielsen. The members were present as listed.

APPROVAL OF THE MINUTES

The motion to approve the February 12, 2014 meeting minutes as transcribed was made by Clair Anderson. The motion was seconded by Leon Lee and was passed by the Board with a unanimous vote.

BUSINESS

1. ELECTION OF NEW BOARD OFFICERS

- a. **CHAIRMAN:** Chairman Nielsen's term with the Board will expire in April. Mr. Nielsen has chosen to not seek reappointment to the Board. Mr. Nielsen nominated Clair Anderson. The nomination was seconded by Leon Lee. Mr. Anderson nominated Jason Miller. The nomination was not seconded. The Board voted unanimously to confirm Mr. Anderson as the new Board Chairman, Mr. Anderson abstained from the vote.
- b. **VICE-CHAIRMAN:** Mr. Anderson nominated Mr. Miller as the Vice-Chairman. The nomination was seconded by Leon Lee. No other nominations were made. The Board voted unanimously to approve Mr. Miller as the new Board Vice-Chairman.
- c. **REVIEW OF BOARD MEMBER TERM APPOINTMENTS:** The Power Board has a four (4) year appointment. Current term appointments are as follows. Rod Andrew is appointed through 2018. Jason Miller, Travis Ball, and Darrin Wolz are appointed through 2016. Board members David Nielsen, Clair Anderson, Leon Lee, and Tom Hawks are appointed through April 2014. Mr. Nielsen and Mr. Lee have chosen to retire from the Board. Mr. Anderson will be requesting reappointment. Staff has not spoken with Mr. Hawks regarding his position yet.
The following names were offered by the Board for possible appointments. Ken Condie (Condie Construction), Riley Johnson (Johnson Tire), Darren Judd (Accountant), Kirk Holt (Accountant), Chip Reynolds (Business Owner), and Greg Shields (Business Owner). The Board may have between seven (7) and eleven (11) members, with members appointed for four (4) years.

2. RESOURCE AND RATE FINANCIAL REPORTS

- a. **FY14 kWh SALES AND RATE REVENUE REPORT – AS OF FEBRUARY 28, 2014:** Mr. Fredrickson reported that all rate classes, excluding small commercial demand, continue to be positive. The small commercial demand rate class has not made its kWh forecast for the year. This may be attributed to the results of the rate class audit where accounts were moved to the large commercial demand rate class. A rate class audit is performed yearly to make sure accounts are charged correctly.
With 66.7% of the fiscal year elapsed, large commercial is at 71.62% of kWh against budget. Revenue is at 70.6% of budget. The trend is expected to continue to the end of the year. The Year-To-Date comparison shows that, compared to February 2013, the month is lower by just under 1.5%.
- b. **RESOURCE COST REPORT – JANUARY 2014:** Mr. Hancock reported that the resource costs were holding steady. Costs and kWh for the month were as follows: CRSP, \$29.00 / MWh, 2.3 million kWh; San Juan, \$71.00 / MWh, 2.5 million kWh; UAMPS pool, \$38.00 / MWh, 3.7 million kWh; market

product, \$59.00 / MWh, PV Wind, \$56.00 / MWh; Nebo, \$71.00 / MWh, 7.6 million kWh; Horse Butte Wind, \$80.00 / MWh. The average cost for all resources for the month was \$58.00 / MWh.

3. RESOURCE DISCUSSION

- a. UAMPS PROJECT BUDGET UPDATES: Mr. Fredrickson reported that during the January meeting all of the UAMPS project committees approved their operation budgets. The approved budgets will maintain the current project costs. San Juan did not schedule any shut downs for the year; this should decrease the budget expenses. The Board was asked to review the project reports at their convenience. Mr. Fredrickson spotlighted the Payson Power Project for the Board. Staff is utilizing the Nebo Power Station (NPS) on a daily basis, using it extensively for high load hours (HLH). Staff is confident that the current plant manager, Scott Jeffryes, is managing the plant correctly. Mr. Jeffryes is proactive with his maintenance and repair program. Mr. Jeffryes is proactive in regards to the plant budget and providing detailed reports of project and repair costs. The unit has been producing at a heat rate of 8481 BTU/kWh, averaging 15 hour days when run. The unit operates under a fuel replacement schedule. If it is cheaper to purchase power, the project sells the fuel, and the owners purchase power.
- b. NATURAL GAS CONTRACTS FOR THE NEBO PROJECT UPDATE: Mr. Hancock reported that the project management committee (PMC) took the opportunity to purchase additional summer fuel through 2020, excluding 2014. This will provide additional fuel for June, July, and August. The PMC is still shopping for additional fuel for 2014. The purchase will allow for an additional four (4) million kWh production in addition to the existing seven (7) million kWh. The cost was below \$5.00 Dekatherm, putting the variable cost at \$44.00 / MWh.
- c. MARKET POWER CONTRACT: UAMPS has approached staff with the offer to extend the market power purchase contract. The current contract is a five (5) year contract is currently at \$44.00 / MWh. The contract would extend with the same terms. A decision is needed by March 21, 2014. This would lock in the base load through the end of the contract. Staff will be discussing the opportunity with Council next Wednesday.
- d. POOL PURCHASE CONTRACT: Mr. Hancock reported that an option to purchase a 5 MW, low load hours, block of the UAMPS pool has been offered. The current contract price is at \$37.00 / MWh. This would be advantageous to Springville, locking up power and fuel.

REPORTS

1. GENERATION

- a. WHPP: Mr. Hancock reported that crews are finishing with the K2 governor modification and catalytic convertor installation. Bids to supply the catalytic convertor unit are expected back by March 14, 2014. Staff hopes to have the unit installed and operational for the summer run.
- b. HYDROS: Mr. Hancock is expecting an increase in water output from last year. Hobbie Creek was down approximately two-thirds last year, causing the Hobbie Creek Hydro to be shut down.

The Board was asked to review the remainder of the report at their convenience.

2. DISTRIBUTION

- a. 46 KV LINE, HOBBLE CREEK TO STOUFFERS: The rough draft of the engineers estimate put the project at \$.17 million.
- b. CIRCUIT 101, PHASE 1: Crews are working on replacing the line on 1600 S. from the rodeo grounds to Walmart. The line originates at Baxter Substation. Phase two (2) will immediately follow.
- c. CIRCUIT 501: Crews are working on the overhead line replacement as time allows. The underground portion of the project is completed from the riser by Wing Ladders to Valtek.
- d. CIRCUIT 503: The overhead portion of this project is complete, running from the new North Substation to Pepsi. The project combines with the Industrial Park Project at Pepsi and moves underground.
- e. NEW BUSINESS: There are no new businesses to report. Transformers have been set for Holiday Inn Express and the new Nebo Springville Junior High School.
- f. IPSA ANNUAL MEETINGS: Staff attended the IPSA Annual Meeting and received two Safety Awards. One for five (5) years of no loss time accidents and one for 2013 no loss time accidents.

OTHER

1. NORTH SUBSTATION: Mr. Hancock reported that all modification drawings have been received and the modifications are complete. The transformer oil will be shipped to Colorado for impulse testing and processing

on March 23, 2014. The transformer is expected back mid-April and is expected to be operations within thirty (30) days.

2. APPA ENGINEERING AND OPERATIONS CONFERENCE: Mr. Graham and Mr. Russell Stansfield will be attending the APPA E&O conference to receive Springville's Safety Award. They will also be attending the Lineman Rodeo with the intention of proving a competition team in the near future. It was suggested to the Board that the You Tube video "Storm Soldiers" would give an accurate depiction of what linemen deal with.
3. RETIRING BOARD MEMBER RECOGNITION: Mr. Nielsen has chosen to not be recognized at City Council meeting. He was presented with a golf punch pass for his years of service. Mr. Nielsen provided many additional hours of service by reviewing the city audits and assisting the UAMPS auditor. Mr. Lee has also served on the Board for many years, providing excellent financial insight. Mr. Lee will be recognized by the City Council at a future meeting.

ADJOURN

A motion to adjourn the meeting was made by Leon Lee. The motion was seconded by Clair Anderson and was passed with a unanimous vote. The meeting was adjourned at 7:34 a.m.